



Unit Outline

MGMT8615

Selected Topics in Management:

Small Business Management

D8-OFF (QT3) 2011
Singapore

Assistant Professor Joanne Sneddon



Business School

www.business.uwa.edu.au

* This Unit Outline should be read in conjunction with the Business School **Unit Outline Supplement** available on the Current Students web site <http://www.business.uwa.edu.au/students>

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UNIT DESCRIPTION

Introduction

Welcome to Small Business Management, if you have chosen to undertake this unit you have signed up to take a very different look at business management from what might have been taught to you in other units.

Small firms (those with less than 200 employees) comprise the majority of all businesses in the economies of most countries. For example, among the 21 countries that comprise the Asia-Pacific Economic Cooperation (APEC) group of nations, small firms make up over 98% of all businesses, provide 60% of all private sector jobs and generate around 30% of direct exports.¹

The majority of such firms are very small (micro-enterprises) with less than five employees, usually just a single owner-manager. In the APEC region there are an estimated 50 million small firms of which 75% employ fewer than 5 people with the average employing around 6 to 7 people.

The reality of business management within the small firm is substantially different from that found in the majority of large organizations. Owners-managers, as the name suggests, are both owners – and therefore responsible for all risks associated with their business ventures – and managers. Such individuals must deal with all the functional tasks of business management (such as accounting, planning, marketing, human resources, production, information technology), frequently without much assistance and with limited training.

The world of the average small business owner-manager is quite different from that of the professional manager within the large organization, or even the successful entrepreneur (e.g. Rupert Murdoch, Richard Branson, or Bill Gates).

In Small Business Management, the start-up phase is confined to small businesses and we then move on to various issues of relevance to successfully managing the small business. Like some other MBA units, Small Business Management integrates the various disciplines of business and management. We will assume that MBA students already have a background in finance, accounting, marketing, leadership and related skills associated with running a business. We shall focus on how these topics are applied to small business management.

In addition to lectures on theory and case study discussions, the course has a strong practical orientation with relevance to present day real life situations. Students will interview owner-managers of small businesses and report their findings. We shall also invite a number of owner-managers and other speakers on small business management to class to hear their views. Students will research special topics, test the validity of textbook material against experience and present their findings to the class.

Your Lecturer

Dr. Sneddon is an Assistant Professor at the UWA Business School in Entrepreneurship and Innovation and Small Business Management. Joanne holds a PhD in management, a Master of Commerce in Management with distinction from Curtin University of Technology, and an MBA from the University of Western Australia. Over the past six years, Joanne has been engaged in a series of research projects and consultancies for national and state scientific research agencies including the Commonwealth Scientific and Industrial Research Organisation, the Department of Agriculture and Food. Dr. Sneddon also consults to Australian rural research and development corporations, Australian Wool Innovation and Meat and Livestock Australia, on innovation and research management issues. Joanne previously managed M&K Marketing Services, a textile point-of-sale manufacturer in the United Kingdom and has extensive experience in both strategic and operational management with particular emphasis on process design and new product development.

¹ APEC (2002) *Profile of SMEs and SME Issues in APEC 1990-2000*, Singapore, APEC Secretariat, World Scientific Publishing.

Unit content

This unit concentrates on the management of small business and the aspects of coping with survival and growth of small and medium-sized businesses. Topics covered, include the role of small business in the economy; starting a small business; management challenges of running a small business; critical stages of growth; alternative modes of growth; the small business conglomerate; advising small businesses; franchising; family businesses; succession problems and small business strategies. Students relate case studies of small businesses with theory and undertake a substantial practical assignment, which includes interviews with owner-managers.

The Goal of the unit

The principal aim of this unit is to familiarize students with the theory and practice of small business management and challenge assumptions that may be held about the way small business management can or should adopt large business practice models. For students interested in establishing and managing their own small firms, this unit should help to focus their thinking on the realities of life as a small business owner-manager – both its challenges and rewards. For MBA students who are keen to ‘make a difference’, this unit should enable them understand how they might consult to small firms and assist owner-managers establish and grow their ventures.

Students with a range of other interests will also benefit from the course. Managers in large corporations and financial institutions often deal with small businesses as clients or suppliers. Professionals such as accountants, lawyers and consultants often provide advice and other services to small businesses. Government officials devise and implement policies, regulations and support programs that will affect the small business sector. A good understanding of the topic can assist such individuals in their work.

Learning outcomes

On completion of this unit, you should be able to:

- Distinguish between the ‘managerial environment’ facing an owner-manager of a small business and that of a manager working within a large organization.
- Differentiate the roles, perspectives and characteristics of ‘owner-managers’ versus ‘entrepreneurs’.
- Apply the new venture creation process relating to small businesses and effectively review other models of new venture creation.
- Determine the key legal issues facing small businesses and how they impact on operations.
- Recognize the common problems facing small businesses in their early years, with emphasis on opportunity screening and financial management.
- Apply strategic planning principles in developing and managing small businesses.
- Examine competently the financial opportunities for small business owners seeking growth, with particular emphasis on bootstrap financing, retained profits, and negotiation with banks.
- Undertake an evaluation of a small business and prepare a growth strategy for the business.
- Develop a human resource strategy for a small business, including plans for effective delegation, team building and coaching.
- Evaluate franchising as a business model and understand its advantages and disadvantages.
- Consider the nature of family-owned and operated businesses and the importance of succession planning.
- Troubleshoot problems within small businesses and prepare a turnaround strategy.
- Prepare a valuation of a small business, including goodwill, and confidently undertake the process to put it for sale.

Educational Principles and Graduate Attributes

In this unit, you will be encouraged and facilitated to develop the ability and desire to:

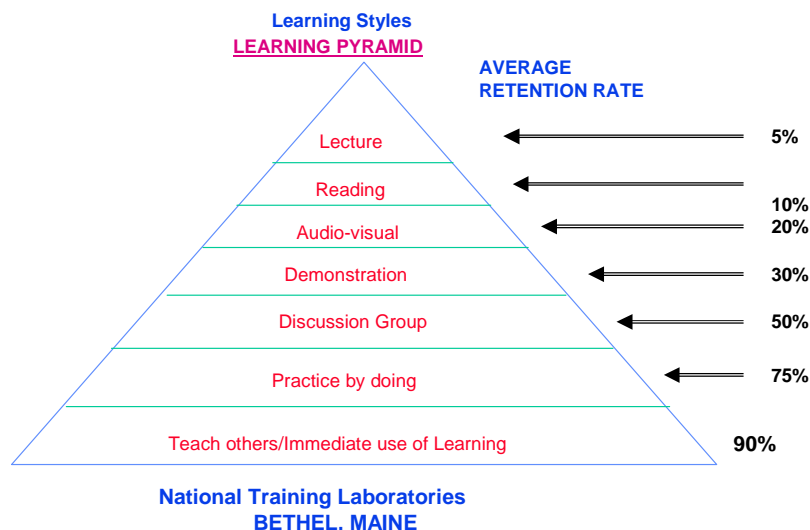
1. Define the role of entrepreneurs and small businesses in the Australian economy and describe the benefits and potential drawbacks of owning a small business.
2. Explain why and how a small business must create a competitive advantage in the market.
3. Evaluate the different forms of small business ownership.
4. Describe and develop the key elements of a solid small business plan.
5. Explain how to build a company culture and structure that will support the small business owner-managers mission and goals and motivate employees to achieve them. Interpret the key legal issues facing small businesses and how they impact on operations.

TEACHING AND LEARNING RESPONSIBILITIES

Teaching and learning strategies

Learning any subject requires substantial input from both the teacher and student, with the balance of effort significantly weighted toward you the student. It is hoped that students who undertake this unit will find it enjoyable, challenging and intellectually stimulating. The focus of learning within the unit will be upon investigation and analysis, making use of case studies, small group discussion and reporting. Lectures will be held to provide a structural framework, however, there will be a strong emphasis placed upon group learning and student participation. The pyramid outlined in Figure 1 below best represents the teaching philosophy behind this unit. As can be seen, the most effective learning takes place when students are required to apply their learning or teach others.

Figure 1: A Learning Retention Model for Education



The learning model outlined in Figure 1 suggests that you will not get the most out of this unit if all you do is attend the weekly lecture and listen passively. As good as your lecturer might be, you cannot expect to really benefit from this unit unless you are prepared to read the text and other materials provided, listen to and question the guest speakers, participate in the class discussions and apply your knowledge within the assignments. The design of this unit aims to provide you with all these elements, including assisting an entrepreneur seeking to introduce a new innovation, where you can practice by doing and teach others the things you have learnt.

Teaching and learning evaluation

You may be asked to complete two evaluations during this unit: i) the Student Perception of Teaching (SPOT); and ii) the Students' Unit Reflective Feedback (SURF). The SPOT is optional and is an evaluation of the lecturer and the unit. The SURF is completed online and is a university wide survey and deals only with the unit. You will receive an email from the SURF office inviting you to complete the SURF when it is activated. We encourage you to complete the forms as your feedback is extremely important and can be used to make changes to the unit or lecturing style when appropriate.

Attendance

Participation in class, whether it is listening to a lecture or getting involved in other activities, is an important part of the learning process. It is therefore important that you attend classes. More formally, the University regulations state that 'to complete a course or unit students shall attend prescribed classes, lectures, seminars and tutorials'. Where a student, due to exceptional circumstances, is unable to attend a scheduled class, they are required to obtain prior approval of the unit coordinator to be absent from that class. Any student absent from class without having had such absence approved by the unit coordinator may be referred to the faculty for advice and may be required to withdraw from the unit. Students should not expect to obtain approval to miss more than two classes per unit unless there are exceptional circumstances.

CONTACT DETAILS

We strongly advise students to regularly access their student email accounts. Important information regarding the unit is often communicated by email and will not be automatically forwarded to private email addresses.

Unit coordinator/lecturer	
Name:	Assistant Professor Joanne Sneddon
Email:	Joanne.sneddon@uwa.edu.au
Phone:	+618 6488-1727
Consultation hours:	During visits to Singapore or by phone upon appointment
Lecture times:	Block 1 3 July, 9.00am – 6.00pm 4 July, 7.00pm – 10.00pm 5 July, 7.00pm – 10.00pm Block 2 11 August, 7.00pm – 10.00pm 12 August, 7.00pm – 10.00pm 13 August, 9.00am – 6.00pm
Lecture venue:	PSB Academy

Tutor	
Name:	Lim Say Beng
Email:	sblimr@gmail.com
Phone:	+659 790 0132
Consultation hours:	By appointment
Tutorial times:	7.00pm – 10.00pm 12 July 21 July 19 August 26 August
Tutorial Venue:	PSB Academy

TEXTBOOK(S) & RESOURCES

Unit Website

<http://www.webct.uwa.edu.au>

Recommended/required text(s)

Mazzarol, T. W. (2011). *Small Business Management: An Applied Approach*. Prahran, Tilde University Press.

Software requirements

Students should have access to computing resources and the ability to use word processing, spreadsheet and graphics programs such as Microsoft WORD, EXCEL and POWERPOINT. Access to the Internet and email is also desirable and students should acquire a recent version of Adobe ACROBAT READER for viewing PDF documents.

Additional resources & reading material

A range of reading materials will be placed on closed reserve or distributed to students during class. The following books have been identified as of value to this unit.

Books:

- Stokes, D., and Wilson, N. (2006) *Small Business Management and Entrepreneurship*, 5th Edition, Thomson, London. 658.022 2006 SMA
- Megginson, L.C., Byrd, M.J., and Megginson, W.L. (2006) *Small Business Management: an Entrepreneur's Guidebook*, 5th Edition, McGraw-Hill/Irwin, Boston MA. 658.022 2066 SMA
- Longenecker, J.G., Petty, J.W., Palich, L.E., and Moore, C.W. (2010) *Small Business Management: Launching & Growing Entrepreneurial Ventures*, South Western Cengage Learning, Mason OH.
- Longenecker, J.G., Moore, C.W., and Petty, J.W. (2006) *Small Business Management: an Entrepreneurial Emphasis*, Thomson/South Western, Mason OH.
- Hodgetts, R.M., and Kuratko, D.F., (2002) *Effective Small Business Management*, John Wiley & Sons, New York. 658.022 2002 EFF
- Storey, D.J., and Greene, F.J., (2010) *Small Business and Entrepreneurship*, Pearson Education Ltd, Harlow, Essex UK.
- Mazzarol, T., & Reboud, S. (2009) *The Strategy of Small Firms: Strategic Management and Innovation in the Small Firm*, Cheltenham, UK; Northampton, MA: Edward Elgar. 658.022 2009 STR
- Phillips, M., & Rasberry, S. (2008) *Marketing without Advertising*, Nolo, Berkeley CA. 658.8 2009 MAR
- Reid, G.C. (2007) *The Foundations of Small Business Enterprise: An Entrepreneurial Analysis of Small Firm Inception and Growth*, Routledge, New York & London. 658.11 2007 FOU
- Butler, D. (2006) *Enterprise Planning and Development: Small Business Start-Up, Survival and Development*, Elsevier/Butterworth-Heinemann, Amsterdam, Boston, London. 658.022 ENT
- Gerber, M.E. (1995) *The E-Myth Revisited: Why most small businesses don't work and what to do about it*, Harper Business, New York. 658.022 1995 EMY
- Gerber, M.E. (1998) *The E-Myth Manager: Why management doesn't work and what to do about it*, Harper Business, New York. 658 1998 EMY
- Snaith, B., and Walker, J. (2001) *Managing Tomorrow Today: Dynamic Financial Management*, Financial Times-Prentice Hall, Harlow, UK. 659.15 2001 MAN

Journals:

American Journal of Small Business
Asia Pacific International Management Forum
Entrepreneurship and Regional Development
Entrepreneurship Theory and Practice
International Journal of Entrepreneurial Behaviour and Research
International Small Business Journal
Journal of Business Venturing
Journal of Small Business and Enterprise Development
Journal of Small Business Management
Small Enterprise Research: The Journal of SEAANZ

All additional readings, particularly those listed in each weekly topic have been placed within course materials online via the UWA Library. The URL for this is:

http://www.library.uwa.edu.au/find_information/course_materials_online

Books and papers that are not available via course materials online have been placed within the physical closed reserve of the UWA Business Library. This includes all the titles listed on page 15 where possible.

UNIT SCHEDULE

Date	Topic
3 July	<p>Topic 1: The Role of Small Firms in the Economy and Policy Responses to the Small Business Sector</p> <p>Definition of small business; Role of owner-manager; Nature of small business sector; Growth cycle and characteristics at different stages of development; Government policy towards small business sector.</p> <p><u>Learning Outcomes:</u></p> <ol style="list-style-type: none"> 1. Define the term 'small business' 2. Understand the role of the small business owner-manager 3. Overview the nature and structure of the small business sector 4. Describe the growth cycle of small business 5. Review government policy toward the small business sector. <p><u>Readings:</u> Textbook: Chapter 1 Hankinson,A.(2000). "The key factors in the profile of small firm owner-managers that influence business performance. The South Coast Small Firms Survey, 1997-2000." <i>Industrial and Commercial Training</i> 32(3):94-98. Parker,R.(2000). "Small is not necessarily beautiful: An evaluation of policy support for small and medium-sized enterprise in Australia." <i>Australian Journal of Political Science</i> 35(2):239-253.</p> <p><u>Activities:</u> Exercise 1 "The character of small business"</p>
3 July	<p>Topic 2: Entrepreneurs versus Owner-Managers – Theories of New Venture Creation</p> <p>Definitions of enterprise and entrepreneur; Difference between entrepreneurs and owner-managers; Models of new venture creation; Barriers and triggers to new venture creation; Process to assist start-up firms,</p> <p><u>Learning Outcomes:</u></p> <ol style="list-style-type: none"> 1. Define the terms 'enterprise', 'entrepreneur' and 'small business' 2. Understand the difference between entrepreneurs and owner-managers 3. Review models of new venture creation 4. Understand the 'barriers' and 'triggers' to new venture creation 5. Examine the process required to assist start-up. <p><u>Readings:</u> Textbook: Chapter 2 Gartner,W.B.(1985). "A conceptual framework for describing the phenomenon of new venture creation." <i>Academy of Management Review</i> 10(4):696-706. Gibb,A., and Ritchie,J.(1990). "Understanding the process of starting small businesses." <i>European Small Business Journal</i> 1(1):26-45. Mazzarol,T., Volery,T., Doss,D., Thein,V.(1999). "Factors influencing small business start-ups: A comparison with previous research." <i>International Journal of Entrepreneurial Behavior & Research</i> 5(2):48-63. Morrison,A.(2000). "Entrepreneurship: What triggers it?" <i>International Journal of Entrepreneurial Behavior & Research</i> 6(6):59-71.</p> <p><u>Activities:</u> Exercise 2 "Case Study – Telarni and Nairi"</p>

3 July	<p>Topic 3: Surviving the Early Years – Screening the Business Opportunity</p> <p>Concepts of opportunity recognition; Key factors leading to new venture failure; New venture screening process; Applying new venture screening process to the early stage small firm.</p> <p><u>Learning Outcomes:</u></p> <ol style="list-style-type: none"> 1. Examine the concept of opportunity recognition 2. Understand the key factors leading to new venture failure 3. Understand the new venture screening process 4. Review new venture screening approaches and apply them to the early stage small firm. <p><u>Readings:</u> Textbook: Chapter 3 Chan Kim,VV., and Mauborgne,R.(2000). "Knowing a winning business idea when you see one." <i>Harvard Business Review</i> Sep-Oct 129-138. Lussier,R.N.(1995). "Start-up business advice from business owners to would-be entrepreneurs." <i>SAM Advanced Management Journal</i> – Winter:10-13. Osborne,R.L.(1995). "The essence of entrepreneurial success." <i>Management Decision</i> 33(7):4-9.</p> <p><u>Activities:</u> Exercise 3 "Assisting the survival firm – Sporting Chance case study"</p>
3 July	<p>Topic 4: The Process of Planning and Strategy in the Small Firm</p> <p>Role of planning in the small business; Key factors for success in small business; Importance of strategy formulation; Major management skills for small business creation and development.</p> <p><u>Learning Outcomes:</u></p> <ol style="list-style-type: none"> 1. Prepare a strategic plan for a small business 2. Understand the role of planning in the small business 3. Recognise the importance of strategic focus and direction 4. Understand the process required to undertake an industry and competitor analysis 5. Conduct a SWOT analysis 6. Determine the competitive positioning best adopted by a small firm. <p><u>Readings:</u> Textbook: Chapter 4 Berman,J., Gordon,D., and Sussman,G.(1997). "A study to determine the benefits small business firms derive from sophisticated planning versus less sophisticated types of planning." <i>The Journal of Business and Economic Studies</i> 3(3):1-11. Gibb,A., and Scott,M.(1985). "Strategic awareness, personal commitment and the process of planning in the small business." <i>The Journal of Management Studies</i> 22(6):597-632. Mazzarol,T.W.(2001). "Do formal business plans really matter? – A survey of small business owners in Australia." <i>Small Enterprise Research: The Journal of SEAAANZ</i> 9(1):32-45. Sahlman,W.A.)1997). "How to write a great business plan." <i>Harvard Business Review</i> Jul-Aug:98-108. Sandberg,W.R., Robinson,R.B., and Pearce,J.A.(2001). "Why small businesses need a strategic plan." <i>Business and Economic Review</i> Oct-Dec:12-15.</p> <p><u>Activities:</u> Exercise 4 "Strategy and planning in the small firm"</p>

4 July	<p>Topic 5: Creating Customers</p> <p>Marketing within the small business, success strategies for small business marketing, customer delight and business generating systems, market research, assessing market performance, sales management and strategy, the marketing mix and marketing strategy.</p> <p><u>Learning outcomes:</u></p> <ol style="list-style-type: none"> 1. Understand and apply the concepts used in marketing, sales and service 2. Identify customer needs and wants to create customer delight 3. Develop a market segmentation strategy 4. Understand the sales process and sales cycle 5. Develop a marketing strategy. <p><u>Readings:</u> Textbook: Chapter 5 Carson, D. (1985). "The Evolution of Marketing in Small Firms." <i>European Journal of Marketing</i> 19(5): 110-119. Carson, D. (1990). "Some Exploratory Models for Assessing Small Firms' Marketing Performance (A Qualitative Approach)." <i>European Journal of Marketing</i> 24(1): 56-65. Carson, D., and Cromie, S. (1990). "Marketing Planning in Small Enterprises: A Model and Some Empirical Evidence." <i>Journal of Consumer Marketing</i> 7(3): 5-18. Mazzarol, T., and Ramaseshan, B. (1998). "Critical Success Factors in Small Business Marketing: An Examination of High and Low Performance Firms." <i>Journal of Global Business</i> 9(16): 35-45.</p> <p><u>Activities:</u> Exercise 5 "Case Study – Malrica International"</p>
5 July	<p>Topic 6: Financing the Small Firm (Part 1) – Debt versus Equity</p> <p>Main sources of entrepreneurial capital; Nature of 'bootstrap' financing; Difference between cash and profit; Nature of bank financing and equity financing; Funding-equity gap for small firms.</p> <p><u>Learning outcomes:</u></p> <ol style="list-style-type: none"> 1. Identify the main sources of entrepreneurial capital 2. Understand the nature of bootstrap finance 3. Know the difference between cash flow and profit 4. Understand the nature of bank financing 5. Understand the nature of equity financing 6. Explain the funding equity gap for small firms. <p><u>Readings:</u> Textbook: Chapter 6 Anderson, H., and Lawin, S. (2001). "Not all VCs are created equal." <i>MIT Sloan Management Review Summer</i>: 88-92. Barton, S. L., and Matthews, C. H. (1989). "Small firm financing: Implications from a strategic management perspective." <i>Journal of Small Business Management January</i>: 1-7. Cowling, M., and Westhead, P. (1996). "Bank lending decisions and small firms: Does size matter?" <i>International Journal of Entrepreneurial Behavior & Research</i> 2(2): 52-68. Gammie, B. (1995). "Small businesses and their banks: A post-charter analysis." <i>Management Decision</i> 33(7): 47-52. Hamilton, R. T., and Fox, M. A. (1998). "The financing preferences of small firm owners." <i>International Journal of Entrepreneurial Behavior & Research</i> 4(3): 239-248. Harris, S. (1995). "Managing organisations to address the finance gap: A study of organisations that are doing so." <i>International Journal of Entrepreneurial Behavior & Research</i> 1(3): 63-82. Upton, N., and Petty, W. (2000). "Venture capital investment and US family business." <i>Venture Capital</i> 2(1): 27-39.</p> <p><u>Activities:</u> Exercise 6 "Securing external funding"</p>

11 August	<p>Topic 7: Financing the Small Firm (Part 2) – Cash Flows, Credit and Working Capital</p> <p>Importance of working capital cycle; Calculation of break-even point; Power of gross profit margin; Pricing for profit; Credit policy issues and relating these to cash flow management and profitability.</p> <p><u>Learning Outcomes</u></p> <ol style="list-style-type: none"> 1. Know financial accounting terms 2. Understand the importance of the working capital cycle within the small firm 3. Understand and calculate the break-even point 4. Understand and apply the power of gross profit margin 5. Recognise the importance of pricing for profit 6. Review credit policy issues and relate these to cash flow management and profitability. <p><u>Readings:</u> Textbook: Chapter 7 Camico Mutual insurance (2001). "A practitioner's guide to managing cash flow." <i>Journal of Accountancy</i> March:20. Cunningham,F.(1998). "How to avoid going bust." <i>Management Today</i> August:70-71. Snaith, W., & Walker, J. (2001) <i>Managing Tomorrow Today: Dynamic Financial Management</i>, Financial Times-Prentice Hall, London, UK Welsh, J.A., & White, J.F., (1981) "A Small Business is not a Little Big Business", <i>Harvard Business Review</i>, 59(4): 18-32.</p> <p><u>Activities:</u> Exercise 7 "Dynamic Accounting"</p> <p>Individual Exercises 1 to 6 due Individual Assignment Due – Interview Report</p>
12 August	<p>Topic 8: Assisting the Small Firm to Grow</p> <p>Analysis of small business' problems and opportunities; Nature of small firm's growth and its challenges; Examining a growth firm and considering its options and structure; Growth strategy for a small firm.</p> <p><u>Learning Outcomes</u></p> <ol style="list-style-type: none"> 1. Understand the growth cycle of small firms 2. Understand the importance of the owner-manager influence on growth 3. Understand models of small business growth 4. Examine the owner-manager's perceptions of growth 5. Recognise the key problems facing small business growth 6. Apply growth management principles to a small business case. <p><u>Readings:</u> Textbook: Chapter 8 Gibb,A., and Davies,L.(1992). "Methodological problems in the development of a growth model of business enterprise." <i>The Journal of Entrepreneurship</i> 1(1):3-35. Glancey,K.(1998). "Determinants of growth and profitability in small entrepreneurial firms." <i>International Journal of Entrepreneurial Behavior & Research</i> 4(1):18-27. Percy, C., Meredith,G., and Cunnington,H.(1988). "Relationship between small business growth and personal characteristics of owner-managers in Australia." <i>Journal of Small Business Management</i> 26(2):76-79. Scott,M., and Bruce,R.(1987). "Five stages of growth in small business." <i>Long Range Planning</i> 20(3):45-52. Smallbone,D., Leigh,Roger., and North,David(1995). "The characteristics and strategies of high growth SMEs." <i>International Journal of Entrepreneurial Behavior & Research</i> 1(3):44-62.</p> <p><u>Activities:</u> Exercise 8 "Growing pains"</p>

13 August	<p>Topic 9: Small Firms and Human Resources – Coaching and Building Teams</p> <p>The entrepreneurial process model; Delegation and team building; Comparison of HR management in small and large firms; Importance of coaching and how to apply a coaching model.</p> <p><u>Learning Outcomes:</u></p> <ol style="list-style-type: none"> 1. Compare human resource management (HRM) in small and large firms 2. Understand the importance of delegation and team building 3. Consider case studies of team building in small firms 4. Understand the importance of coaching and how to apply a coaching model 5. Develop human resource management systems for a small firm 6. Understand the general legislative environment surrounding small business employment. <p><u>Readings:</u></p> <p>Textbook: Chapter 9</p> <p>Chapman,P.(1999). "Management control strategies in small firms." <i>International Small Business Journal</i> 17(2):75-52.</p> <p>Darling,J.(1990). "Team building in the small business firm." <i>Journal of Small Business Management</i> 28(3):86-91.</p> <p>Hornsby,J., and Kuratko,D.(1990). "Human resource management in small business: Critical issues for the 1990s." <i>Journal of Small Business Management</i> 28(3):9-18.</p> <p>King,P., and Eaton,j.(1999). "Coaching for results." <i>Industrial and Commercial Training</i> 31(4):145-148.</p> <p>Kinnie,N., and Purcell,J.(1999). "Employment relations in SMEs." <i>Employee Relations</i> 21(3):218-235.</p> <p>Mazzarol,T.W.(20030. "A model of small business HR growth management." <i>International Journal of Entrepreneurial Behavior and Research</i> 9(1):27-49.</p> <p>Readshaw,B.(2000). "Do we really understand coaching? How can we make it work better?" <i>Industrial and Commercial Training</i> 32(3):106-108.</p> <p><u>Activities:</u></p> <p>Exercise 9 "Coaching for success"</p>
13 August	<p>Topic 10: Franchising – An Alternative to Going Solo? Legal Issues facing Small Firms</p> <p>Definition of franchise; Difference between franchising a product/service and an entire business operation; Franchising as a business model; Advantages and disadvantages; Process of franchising and key legal issues impacting on operations.</p> <p><u>Learning outcomes:</u></p> <ol style="list-style-type: none"> 1. Define the term franchise 2. Understand the difference between franchising a product or service and an entire business operation 3. Recognise the importance of franchising as a business model 4. Consider the advantages and disadvantages of franchising 5. Recognise the legal structures applicable to small businesses in Australia and the advantages and disadvantages of each 6. Understand the key legal issues facing small businesses and how they impact on operations 7. Describe the nature of intellectual property rights and identify each of the main types <p><u>Readings:</u></p> <p>Textbook: Chapter 10</p> <p>Dant,R.P., Paswan,A.K., and Stanworth,J.(1996). "Ownership redirection trends in franchising: A cross-sectoral investigation." <i>International Journal of Entrepreneurial Behavior and Research</i> 2(3):48-67.</p> <p>Kaufman,P.J., and Dant,R.P.(1998). "Franchising and the domain of entrepreneurial research." <i>Journal of Business Venturing</i> 14:5-16.</p> <p>Kaufman,P.J., and Eroglu,S.(1998). "Standardization and adaptation in business format franchising." <i>Journal of Business Venturing</i> 14:69-85.</p> <p>Williams,D.L.(1998). "Why do entrepreneurs become franchisees? An empirical analysis of organisational choice." <i>Journal of Business Venturing</i> 14:103-124.</p> <p><u>Activities:</u></p> <p>Exercise 10: "Franchising systems and legal entities"</p>

13 August	<p>Topic 11: Small Firms and Family Business</p> <p>Nature of family ownership in small firms; Challenges of family owned small firms; Role of corporate governance and family ownership; Development process for succession planning.</p> <p><u>Learning outcomes:</u></p> <ol style="list-style-type: none"> 1. Understand the nature of ownership in family firms 2. Recognise the differences between family and non-family firms 3. Examine the challenges of family owned small firms 4. Understand the role of corporate governance and family ownership 5. Review the development process for succession planning in family owned firms. <p><u>Readings:</u> Textbook: Chapter 11 Cromie,S., Stephenson,B., and Monteith,D.(1995) "The management of family firms: An empirical investigation." <i>International Small Business Journal</i> 13(4):11-34. Goffee,R.(1996). "Understanding family businesses: Issues for further research." <i>International Journal of Entrepreneurial Behavior & Research</i> 2(1):36-48.</p> <p>Kelly,L.M., Williams,R.W., Athanassiou,N., and Crittenden,W.F.(2000). "Founder centrality and strategic behavior in the family-owned firm." <i>Entrepreneurship Theory and Practice</i> 25(2):27-42.</p> <p>Morris,M.H., and Nel,D.(1996). "Factors influencing family business succession." <i>International Journal of Entrepreneurial Behavior & Research</i> 2(3):68-81.</p> <p><u>Activities:</u> Exercise 11 "Succession planning in the family firm"</p>
13 August	<p>Topic 12: The Owner Manager and the Troubled Company – Crisis Management</p> <p>Causes of small business failure; Danger signals of impending trouble; Characteristics of poorly performing firms; Turnaround strategies.</p> <p><u>Learning outcomes:</u></p> <ol style="list-style-type: none"> 1. Understand the causes of small business failure 2. Examine causes and danger signals of impending trouble 3. Understand the characteristics of poorly performing firms 4. Review turnaround strategies for small firms and apply the principles to a case study. <p><u>Readings:</u> Textbook: Chapters 12 Drummond,H., and Chell,E.(1994) "Crisis management in a small business: A tale of two solicitors' firms." <i>Management Decision</i> 32(1):37-40. Kaufman,S.B.(1993). "Good advice for hard times." <i>Nation's Business</i> August:60-61. Porter,M.E.(1991). "Know your place: How to assess the attractiveness of your industry and your company's position in it." <i>INC. September</i>:90-93. Sampson,W.(2001). "Crisis doesn't stop this shop." <i>Cabinet Maker</i> October:60-61. Snyder,R.H.,(1999). "How I re-engineered a small business." <i>Strategic Finance</i> May:27-30.</p> <p><u>Activities:</u> Exercise 12 "Case study in crisis management"</p>

13 August	<p>Topic 13: Buying, Selling and Valuing the Business</p> <p>Concept of business valuation; Different valuation measurements; Nature of goodwill and how to measure it; Advantages and disadvantages of buying an established small firm; Process of preparing a business for sale.</p> <p>Learning outcomes:</p> <ol style="list-style-type: none"> 1. Understand the concept of business valuation 2. Overview and assess different business valuation methods 3. Understand the nature of goodwill and how to measure it 4. Examine the advantages and disadvantages of buying an established firm 5. Understand the process of preparing a business for sale. <p>Readings:</p> <p>Textbook: Topic 13</p> <p>Jones,J.(1998). "Shopping for an enterprise." <i>Black Enterprise</i> 29(2):75-83.</p> <p>Townes,G.(2001). "Building versus buying." <i>Black Enterprise</i> 31(6):39.</p> <p>Meeks,F., and Rotenier,N.(1993). "Am I going to mind sweeping the floors?" <i>Forbes</i> 152(11):142.</p> <p>Hodgetts,R.M., and Kuratko,D.F.(2002). "Effective small business management." <i>Seventh Edition, Harcourt College Publishers, Forth Worth. Chapter 5, pp 97-124.</i></p> <p><u>Activities:</u></p> <p>Exercise 13 "Valuing a business for sale"</p>
3 September	<p>Group Assignment Due – Benchmarking Study</p> <p>Individual Exercises 7 to 13 due</p>

ASSESSMENT MECHANISM

The purpose of assessment

There are a number of reasons for having assessable tasks as part of an academic program. The assessable tasks are designed to encourage you to explore and understand the subject more fully. The fact that we grade your work provides you an indication of how much you have achieved. Providing feedback on your work also serves as part of the learning process.

Assessment mechanism summary

Component	Weight	Due Date
Individual Assignment – Small Business Interview	25%	11 August 2010
Individual weekly exercises 1-6	25%	11 August 2010
Individual weekly exercises 7-13	25%	3 September 2010
Group Assignment – Benchmarking Study	25%	3 September 2010

Note 1: Results may be subject to scaling and standardisation under faculty policy and are not necessarily the sum of the component parts.

Note 2: Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning outcomes as required for accreditation and audit purposes. The findings may be used to inform changes aimed at improving the quality of Business School programs. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the unit.

Assessment components

Individual Assignment 1 – Small Business Interview (25 marks)

The focus of this assignment will be to gain a better understanding of the nature of small business owner-managers and their managerial environment. It will also investigate the practices of small business owner-managers in targeted industries. Students will work in teams of up to five and will select a target industry (e.g. service firms, retailers, manufacturers, software engineering firms, hairdressers). You may also wish to focus on special interest groups (e.g. incubator firms, home-based businesses, female owner-managed firms, technology ventures).

Description

Each team member will conduct semi-structured interviews with **two** owner-managers of small businesses. These interviews should follow a common interview protocol predetermined within the group before commencing. The interviews should cover aspects of the business as well as personal attributes, circumstances and motivations of the founder and, if different, the current owner-manager. Particular attention should be given to the motivations for establishing this business and the challenges the owner-manager has faced or is facing. We shall discuss questions in class, but teams should coordinate their questions in advance to ensure that they are able to compare and contrast the responses from the owner-managers.

It is important that the interviews devote sufficient time to both understand the personal side of the business owner-manager (e.g. personal and family background, motivations for becoming a small business owner-manager) and how the business is actually performing (e.g. profitability, growth, human resource issues, products or services, and plans for future growth). Students should anticipate interviews lasting around 1-2 hours at least with some opportunity to tour the business site(s). It is important for the student to develop a level of trust with the owner-manager to ensure that they gather reliable information. You should also keep open the opportunity to return again to ask the owner additional questions.

A key focus for the interviews is to compare performance of the interviewed owner-managers and their firms to identify 'best practice' in the targeted industry. This may require each group to consider in advance which firms appear to be exemplars of good performance and which are not. It is not always easy to tell from the outside but relatively high profile firms tend to be good performers. You can look for such possible firms among the list of winners of Small Business Awards or Entrepreneur Awards. **Do some background reading into the industry sector before commencing the interviews.**

Ensure that the businesses have sufficient substance and interest to warrant the effort involved in the survey and report preparation. Some self-employed consulting activities for example might provide an excellent income for the person involved, but might provide very little scope for learning in an interview. Be aware also that persons who derive their main income from time-based activities (for example lawyers, accountants and consultants) are often reluctant to spend the time with an interviewer.

Each student will prepare a report on their interviews (length approximately 2,500 words) following the structure suggested in the assessment criteria.

Assessment Criteria

The assignment will be assessed against the following criteria:

Choice of industry and business/owner-managers – specifically what justification is there for the selection of the target industry and the individual owners that were interviewed. You should provide reasons for selecting a particular individual other than sheer convenience or availability. Did they appear to represent a 'best practice' small business, or the opposite?

Report and data of interviews (owner-managers) – you will need to provide a concise account of the interviews undertaken and evidence of using a well-considered discussion protocol to guide the interview. The report should provide comparisons of the various small business owners interviewed, and quotations from these owners provided where possible. The report should provide the reader with a good appreciation and understanding of the character and mindset of these individuals with respect to their businesses.

Report and data of interviews (the business) – in addition to the focus on the owner-managers, the report should provide a well-considered comparison and assessment of the small firms operated by these owners. The report should briefly describe each case study firm (e.g. how long in operation, location, description of premises, staffing levels and turnover).

Analysis and Discussion – this is one of the most important sections. Your report will need to compare and contrast the different small businesses interviewed with a view to making a judgement as to how typical or not they are of their respective industry sector. Can you identify examples of good practice and what do these interviews tell you about small businesses generally?

Comparison with literature – as part of the analysis and discussion the report should draw upon the available literature to assist in determining how typical or atypical the case study firms are, and whether they represent any examples of practices or theories that have been suggested in other studies. Evidence of wide reading of the literature will be important to assessing this aspect of the assignment.

Conclusions, observations and lessons learnt – in concluding the report your group should seek to draw together all the available information into a general view of the state of play in your targeted industry sector and the small business community overall. Do these interviews provide you with evidence that small business owner-managers are somehow different to managers in large firms? Are small business owner-managers also 'entrepreneurs'? Can you identify common problems facing small business owner-managers?

Marking Key for Individual Assignment 1:

Choice of industry and business owner-managers
Report and data of interviews – owner managers
Report and data of interviews – the business
Analysis and discussion
Comparison with literature
Conclusions, observations and lessons learnt
Grammar, spelling and overall presentation

Ex	VG	G	Av	Fr	In

Note: The Lecturer reserves the right to reward additional contributions not anticipated in the guide.

Ex-Excellent; VG - Very good; Gd - Good; Ave - Average; Fr - Fair; In - Inadequate;

Individual Weekly Assignments and Exercises (50 marks)

During the unit students will be tasked to read and review the course notes and associated readings, participate in the class and complete an assignment task associated with each topic.

Assignments will vary from topic to topic depending on the nature of the subject matter; however, most will require you to complete a short answer or essay-style task addressing questions associated with content or case study material provided in the course notes. Students may either complete each topic and its associated assignment before moving onto the next week's content or advance through the topics at their own pace.

Group Assignment – Benchmarking Study (25 marks)

This assignment builds on the interviews undertaken in the first individual assignment and the two projects should be considered together as a continuous process rather than as separate activities.

Description

This project seeks to develop a series of 'best practice' benchmarking studies within the targeted industries selected. The report should review the case studies examined within the group and develop a critical analysis designed to assist these same firms to improve their performance, as well as assisting any other owner-managers operating within that industry or seeking to establish a new venture in the sector.

Key issues that should be considered within the report and its analysis are:

- Overall size of the industry and general outlook for its future
- Ease of entry into the industry and start-up costs
- The pros and cons of setting up a 'green fields' business or buying an established one or franchising
- Market side considerations – size of market, growth opportunities, benchmarks of current marketing and product performance within the industry and generic customer/market needs analysis
- Identification of common problems facing firms in the targeted industry
- Key performance indicators for best practice – drawing on case study material what are the key factors likely to enhance performance within the selected industry for small firms, are there lessons for how to overcome common problems and successfully develop the business
- Compliance costs – the generic issues associated with running a business in the targeted industry relating to federal, state and local government compliance (e.g. GST, planning and zoning regulations, health and safety, licensing and approvals).
- Useful lists of contacts and information sources or 'check lists' that a small business owner-manager may wish to refer to.

The length of this assignment is around 4,500 words. Quality is preferable to quantity. This document should be submitted in both written and soft-copy. A copy of the report is to be provided to the participating small business owner-managers who participated in the first assignment interviews, but you should take care to make any case study material anonymous so as to protect the identity of participants.

Assessment Criteria

The assignment will be assessed against the following criteria:

Analysis of the industry (market size & potential) – what is the future outlook for this industry sector for small firms? How much growth is there and how does the market segment to allow small firms the opportunity to niche? You will need to draw on secondary sources to provide an overview of the industry structure and potential.

Assessment of entry barriers and start up costs – how easy is it to set up a new business venture in this industry sector? What natural or artificial entry barriers exist to reducing the entry of substitutes or competitors? If someone was to try to enter this industry and establish their small business what are the anticipated establishment costs?

Assessment of green fields versus buying existing business or franchising options – would it be better to start up a totally new business in this sector or purchase an established one? You will need to provide an analysis of the pros and cons of these options. Would the industry benefit from use of franchising as a business model? Consider this issue with reference to the pros and cons of franchising.

Specific marketing analysis and assessment of competition – with respect to how small firms in this sector attract and retain new customers, you should provide an analysis of the most effective marketing techniques identified from your case studies and other research. How does a small business in this industry get ahead of the competition?

Identification of specific problems facing sector – are there problems facing this industry sector that are unique to it? This might include government regulation, technology impact or market trends.

Identification of key performance indicators for best practice – what are the lessons learnt from your analysis that provide a guide to small business operators in this sector about what constitutes 'best practice'? If you can identify such performance benchmarks these should be outlined as possible key performance indicators (KPIs) with suggestions of how owner-managers might emulate these examples.

Identification of compliance costs – what are the key regulatory issues and compliance costs that small businesses in this sector must deal with? These should be outlined and discussed.

Checklists for start-up or growth – assuming that the report is to be read by those seeking to start up their own small business in this sector, or expand an established firm, what are the key things that they must consider or do to ensure success?

Lists of useful contacts and reference sources – the report should also contain a list of useful contacts or sources of information ranging from government agencies, industry associations or reference materials. The reader of the report should be able to use this list as an initial resource for getting started.

Use of case study material to support analysis – you should make use of the information you gathered in the first group assignment to assist in your analysis for this. Carefully selected case study firms interviewed in the first assignment will provide a valuable source of data to assist this benchmarking report.

Use of literature review and research – the report should demonstrate good use of the small business literature to assist in evaluating best practice and use of available data sources to guide your industry and market analysis. The Harvard system of referencing should be used.

Presentation and quality of writing – the report should be well-presented and well-written making use of tables, diagrams and graphs where appropriate to aid interpretation of findings.

Marking Key for Assignment

	Ex	VG	G	Av	Fr	In
Analysis of industry – market size and potential						
Assessment of entry barriers and start up costs						
Assessment of green fields versus buying an existing business and franchising options						
Specific marketing analysis and assessment of competition						
Identification of specific problems facing the sector						
Identification of key performance indicators for best practice						
Identification of compliance costs						
Check lists for start up or growth						
Lists of useful contacts and reference sources						
Use of case study material to support analysis						
Use of literature review and research						
Presentation and quality of writing						

Note: The Lecturer reserves the right to reward additional contributions not anticipated in the guide.

Ex – Excellent; VG – Very good; Gd – Good; Ave – Average; Fr – Fair; In – Inadequate;

Group Assessment Free-Rider Policy

If a student in a group contributes little or nothing to the group assignment, i.e. is a *free-rider*, then upon completion of the assignment, the remaining members of the group may submit a signed petition to the lecturer requesting that no credit be assigned to the student for the group assignment. In cases where the free-rider has submitted work well below group expectations, a reduction in the student's mark may apply at the discretion of the lecturer.

The petition should include a covering letter explaining the circumstances signed by all allegedly responsible students, a copy of the Group Contract including all signatories, and a copy of all e-mail correspondence in which the responsible group members requested the free-rider to fulfil Group Contract obligations. This policy should only be applied in exceptional circumstances and after reasonable attempts have been made by the group to resolve the matter internally. The discretion to award a no-credit or reduced mark for the alleged free-rider remains with the lecturer. A copy of the Group Contract is attached at the end of this unit guide.

Group Contract

Group norms are the rules that define acceptable behaviour amongst members of a group. Norms include levels of performance valued by the group, expectations of group members, beliefs and values in relation to study, relationships between group members and teamwork within the group. Writing down these agreed norms in the form of a Group Contract provides a means of clarifying and enforcing these norms when necessary. This generally leads to higher levels of commitment to group goals and better group performance. It can also reduce the chances of the **free-rider** emerging within the group which can be distressing for all group members, particularly responsible group members who do their fair share of the work.

A **Group Contract** is a requirement of this unit and must be submitted to your lecturer in week 2 complete with all signatures. Failure to do so will result in a 5% penalty mark taken from the possible 20% for your group assignment. **The Group Assignment Free-Rider Policy will also not apply to groups that fail to submit their Group Contract on time.**

A sample of the Group Contract is included below which can be modified according to your group's needs.

Sample contract:**Group Contract****1. The subject matter of this contract**

This contract is entered into by the students named below for the purpose of ensuring that each individual group member fulfils his/her obligations for completing the group assignment for the unit _____ (*insert unit title*). This contract is to be completed and handed in to the lecture _____ (*insert name of lecturer*) by topic week 2 in order to avoid a 5% penalty deduction from the group assignment mark.

The specific work to be completed by the group is _____ (*insert the topic of the group assignment*). This is to be handed in by _____ (*insert the due date for your group's assignment*).

2. The consideration

1. All group members will be punctual at meetings.
2. All group members should attend meetings unless by prior agreement with the group.
3. All group members will stay at the meeting until it is agreed that the meeting is adjourned.
4. All group members will come to the meetings prepared by completing the agreed tasks on time.
5. The group will actively seek the contributions and opinions of each member at meetings and during group discussions.
6. Each group member will take turns at both listening and talking.
7. Dominating the group's discussion and decision making is not acceptable.
8. Group members will take turns in writing down minutes of the meeting.
9. The group member taking minutes will record allocated tasks to be completed by group members by name and agreed deadlines for task completion.
10. Work allocation will be according to an agreed procedure and is documented below (*insert method of breaking down the assignment and allocation of work to group members*).
11. Where disputes arise regarding the work tasks or agreed behaviours in which a group member is not performing according to the terms of this agreement, the following process will be entered into to resolve the dispute: (*insert the dispute resolution procedure for your group*). Disputes must be resolved within the group and documentation must be retained that relates to attempts to resolve a dispute or to encourage a group member to make his or her contribution to the assignment).
12. All parties to this contract understand they are bound by the *Group Assignment Free-Rider Policy* explained in this unit guide.

3. Names and signatures of the parties to this Group Contract

Student signature	Student name (printed)	Date

Receipt verification

Lecturer's signature: _____

Date: _____

CASE STUDY REPORT AGREEMENT

This agreement confirms that the following person(s) are undertaking an MBA at the University of Western Australia. They are to prepare a case study report as part of their course in small business management. This assignment requires them to interview you and seek access to relevant information within your firm that will assist in their developing their report. You are under no obligation to participate in this project, but if you do consent to participate a copy of the final case study report will be supplied to you as a courtesy. The University of Western Australia would be most grateful if you could assist them.

While they may prepare this assessment for use in the unit they are studying, the information that you provide will be treated in confidence and the identity of any particular business will not be revealed beyond the research team without your permission. It is our hope that the information you provide can be used for future teaching purposes.

We, the undersigned agree to maintain strict confidentiality of all information provided to them by the participating firm which may be considered to be of a commercially sensitive nature:

Name	Signature
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____

I _____ consent to participate in this study and give my permission for UWA to make use of information provided by me to be used in the preparation of a case study report and related publications on the understanding that any use of this information will be undertaken on a confidential basis and will not identify myself or my business directly unless otherwise agreed.

Signed: _____ Dated: _____

Submission of Assignments

Individual weekly assignments will be completed and submitted via WebCT. Individual exercises from weeks 1 to 6 will be submitted in mid-way through the unit, and exercises from weeks 7 to 13 will be submitted at the end of the unit. The group assignments can be submitted at anytime via WebCT in advance of the due date if desired. If handed into the office, a standard cover sheet should be used and a receipt issued.

Late assignments will attract a penalty of 5% per day. Only in exceptional circumstances will the lecturer waive this penalty. No marks will be awarded to assignments submitted after other students in the class have had their assignments returned.

It is the intention that the marked assignments will be returned within two weeks of submission.

Student Guild

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Charter of Student Rights and Responsibilities

The Charter of Student Rights and Responsibilities outlines the fundamental rights and responsibilities of students who undertake their education at UWA (refer <http://handbooks.uwa.edu.au/undergraduate/poliproc/policies/StudentRights>).

Appeals against academic assessment

The University provides the opportunity for students to lodge an appeal against assessment results and/or progress status (refer <http://www.secretariat.uwa.edu.au/home/policies/appeals>).